



General Assembly

February Session, 2000

Amendment

LCO No. 4953

Offered by:

REP. THOMPSON, 13th Dist.

REP. DICKMAN, 132nd Dist.

To: Subst. House Bill No. 5908

File No. 579

Cal. No. 429

***"An Act Making Changes To Retirement Benefits Under
The Teachers' Retirement System."***

1 After line 18 insert the following and renumber the remaining
2 section accordingly:

3 "Sec. 3. Section 10-183b of the general statutes is repealed and the
4 following is substituted in lieu thereof:

5 As used in this chapter, unless the context otherwise requires:

6 (1) "Actuarial reserve basis" means a basis under which the
7 liabilities of the retirement system are determined under acceptable
8 actuarial methods and under which assets are accumulated under a
9 program designed to achieve a proper balance between the
10 accumulated assets and the liabilities of the system.

11 (2) "Amortization of unfunded liabilities" means a systematic
12 program of annual payments determined as a level per cent of
13 expected member annual salaries in lieu of a lump sum payment.

14 (3) "Annual salary" means the annual salary rate for service as a
15 Connecticut teacher during a school year but not including unused
16 sick leave, unused vacation, terminal pay, coaching or extra duty
17 assignments, unless compensation for coaching or extra duty
18 assignment was included in salary for which contributions were made
19 prior to July 1, 1971. In no event shall annual salary include amounts
20 determined by the board to be included for the purpose of inflating the
21 member's average annual salary. The inclusion in annual salary of
22 amounts paid to the member, in lieu of payment by the employer for
23 the cost of benefits, insurance, or individual retirement arrangements
24 which in prior years had been paid by the employer and not included
25 in the member's annual salary, shall be prima facie evidence that such
26 amounts are included for the purpose of inflating the member's
27 average annual salary. Annual salary shall not include payments the
28 timing of which may be directed by the member. Annual salary shall
29 not include payments to a superintendent pursuant to an individual
30 contract between such superintendent and a board of education, of
31 amounts which are not included in base salary. Annual salary shall
32 include amounts paid to the member during a sabbatical leave during
33 which mandatory contributions were remitted, provided such member
34 returned to full-time teaching for at least five full years following the
35 completion of such leave.

36 (4) "Average annual salary" means the average annual salary
37 received during the three years of highest salary.

38 (5) "Board" means the Teachers' Retirement Board.

39 (6) "Child" means a natural child, an adopted child, or a stepchild of
40 a deceased member who has been a stepchild for at least one year
41 immediately prior to the date on which the member died. A child is a
42 "dependent child" of a deceased member if at the time of the member's
43 death (A) the member was living with the child or providing or
44 obligated to provide, by agreement or court order, a reasonable
45 portion of the support of the child and (B) the child (i) is unmarried
46 and has not attained age eighteen or (ii) is disabled and such disability

47 began prior to the child attaining age eighteen.

48 (7) "Contributions" mean amounts withheld pursuant to this chapter
49 and paid to the board by an employer from compensation payable to a
50 member. "Mandatory contributions" are contributions required to be
51 withheld under this chapter and consist of "six per cent contributions"
52 and "one per cent contributions". "Voluntary contributions" are
53 contributions by a member authorized to be withheld under section
54 10-183i.

55 (8) "Credited interest" means interest at the rate from time to time
56 fixed by the board which shall be substantially that earned by the
57 funds of the system. Such interest shall be [compounded annually on
58 the last day of June] applied to a member's account based on the
59 balance as of the previous June thirtieth. Credited interest shall be
60 assessed on any mandatory contributions which were due but not
61 remitted prior to the close of the school year for which salary was paid.

62 (9) "Current service" means service rendered in the current fiscal
63 year.

64 (10) "Dependent former spouse" means a former spouse of a
65 deceased member who (A) has in his or her care a dependent child of
66 the deceased member; and (B) was receiving, or was entitled to receive,
67 from the deceased member at the time of the death of the deceased
68 member, at least one-half of his or her support; and (C) has not
69 remarried; and (D) is the parent of the child or adopted the child while
70 married to the member and before the child attained age eighteen or,
71 while married to the member, both of them adopted the child before
72 the child attained age eighteen.

73 (11) "Dependent parent" means a parent of a deceased member who
74 (A) has reached the age of sixty-five; and (B) has not married after the
75 death of the member; and (C) was receiving at least one-half of his or
76 her support from the member at the time of the member's death and
77 files proof of such support within two years of the date of the
78 member's death; and (D) is not receiving, or entitled to a federal or

79 state old age benefit based on the parent's own earnings, equal to or
80 greater than the amount the parent would be entitled to as a
81 dependent parent under this chapter. A "parent of a deceased member"
82 is (A) the mother or father of a deceased member; or (B) a stepparent of
83 a deceased member by a marriage entered into before the member
84 attained age sixteen; or (C) an adopting parent of a deceased member
85 who adopted the deceased member before the member attained age
86 sixteen.

87 (12) "Designated beneficiary" means a person designated on a form
88 prescribed by the board by a member to receive amounts which
89 become payable under this chapter as the result of the member's death
90 whether before or after retirement. If a designated beneficiary is not
91 living at the time of the death of a member, the amounts that would
92 have been payable to the designated beneficiary shall be paid to the
93 member's estate.

94 (13) "Disabled" means inability to engage in any substantial gainful
95 activity by reason of any medically determinable physical or mental
96 impairment which can be expected to result in death or to be of long-
97 continued and indefinite duration, except that during the first twenty-
98 four months that a member is receiving a disability allowance,
99 "disabled" means the inability to perform the usual duties of his
100 occupation by reason of any such impairment.

101 (14) "Employer" means an elected school committee, a board of
102 education, the State Board of Education, the board of governors or any
103 of its constituent units, the governing body of the Children's Center,
104 the E. O. Smith School and any other activity, institution or school
105 employing members.

106 (15) "Formal leave of absence" means any absence from active
107 service in the public schools of Connecticut formally granted by a
108 member's employer as evidenced by contemporary records of the
109 employer, provided in the case of an absence due to illness, medical or
110 other evidence of such illness may, at the discretion of the Teachers'

111 Retirement Board, be accepted in lieu of evidence of the formal
112 granting of a leave.

113 (16) "Formal application of retirement" means the member's
114 application, birth certificate or notarized statement supported by other
115 evidence satisfactory to the board, in lieu thereof, records of service
116 when required by the board to determine a salary rate or years of
117 creditable service, [legal teacher's certificate,] statement of payment
118 plan and, in the case of an application for a disability benefit, a
119 physician's statement of health.

120 (17) "Funding" means the accumulation of assets in advance of the
121 payment of retirement allowances in accordance with a definite
122 actuarial program.

123 (18) "Member" means any Connecticut teacher employed for an
124 average of at least one-half of each school day, except that no teacher
125 who under any provision of the general statutes elects not to
126 participate in the system shall be a member unless and until the
127 teacher elects to participate in the system. Members teaching in a
128 nonpublic school classified as a public school by the board under the
129 provisions of this section may continue as members as long as they
130 continue as teachers in such school even if the school ceases to be so
131 classified. A former teacher who has not withdrawn his or her
132 accumulated contributions shall be an "inactive member". A member
133 who, during the period of a formal leave of absence granted by his or
134 her employer, but not exceeding an aggregate of ten school months,
135 continues to make mandatory contributions to the board, retains his or
136 her status as an active member.

137 (19) "Normal cost" means the amount of contribution which the
138 state is required to make into the retirement fund in order to meet the
139 actuarial cost of current service.

140 (20) "Public school" means any day school conducted within or
141 without this state under the orders and superintendence of a duly
142 elected school committee, a board of education, the State Board of

143 Education, the board of governors or any of its constituent units, the E.
144 O. Smith School, the Children's Center, joint activities of boards of
145 education authorized by subsection (b) of section 10-158a and any
146 institution supported by the state at which teachers are employed or
147 any incorporated secondary school not under the orders and
148 superintendence of a duly elected school committee or board of
149 education but located in a town not maintaining a high school and
150 providing free tuition to pupils of the town in which it is located, and
151 which has been approved by the State Board of Education under the
152 provisions of part II of chapter 164, provided that such institution or
153 such secondary school is classified as a public school by the retirement
154 board.

155 (21) "Retirement allowance" means payments for life derived from
156 member contributions, including credited interest, and contributions
157 from the state.

158 (22) "School year" means the twelve months ending on June thirtieth
159 of each year.

160 (23) "Surviving spouse" means a widow or widower of a deceased
161 member who (A) was living with the member at the time of the
162 member's death, or receiving, or entitled by court order or agreement
163 to receive, regular support payments from the member and (B) has not
164 remarried.

165 (24) "Survivors" means a surviving spouse, a dependent former
166 spouse, a dependent child and a dependent parent.

167 (25) "System" means the Connecticut teachers' retirement system.

168 (26) "Teacher" means (1) any teacher, permanent substitute teacher,
169 principal, assistant principal, supervisor, assistant superintendent or
170 superintendent employed by the public schools in a professional
171 capacity while possessing a certificate or permit issued by the State
172 Board of Education, provided on and after July 1, 1975, such certificate
173 shall be for the position in which the person is then employed, (2)

174 certified personnel who provide health and welfare services for
175 children in nonprofit schools, as provided in section 10-217a, under an
176 oral or written agreement, (3) any person who is engaged in teaching
177 or supervising schools for adults if the annual salary paid for such
178 service is equal to or greater than the minimum salary paid for a
179 regular, full-time teaching position in the day schools in the town
180 where such service is rendered, and (4) a member of the professional
181 staff of the State Board of Education or of the Board of Governors of
182 Higher Education or any of its constituent units. A "permanent
183 substitute teacher" is one who serves as such for at least ten months
184 during any school year.

185 (27) "Unfunded liability" means the actuarially determined value of
186 the liability for service before the date of the actuarial valuation less
187 the accumulated assets in the retirement fund.

188 Sec. 4. Subsection (c) of section 10-183j of the general statutes is
189 repealed and the following is substituted in lieu thereof:

190 (c) A coparticipant's option may be elected in which the member
191 receives an actuarially reduced benefit as provided in subsection (d) of
192 this section and upon such member's death, one-third, one-half, two-
193 thirds, three-fourths or all of such amount is paid to such member's
194 designated beneficiary for life. With respect to any benefits which
195 become effective on or after January 1, 2001, if twenty-five per cent of
196 the aggregate benefits paid to the member or such member's
197 designated beneficiary are, upon the death of such member or such
198 designated beneficiary, less than such member's accumulated
199 contributions plus credited interest, the estate of such member or such
200 designated beneficiary, as appropriate, shall be paid a lump sum
201 amount equal to the difference between such aggregate benefits paid
202 and such accumulated contributions plus credited interest.

203 Sec. 5. Subsection (b) of section 10-183n of the general statutes is
204 repealed and the following is substituted in lieu thereof:

205 (b) Each local treasurer or other person having custody of amounts

206 deducted under this chapter by an employer shall transmit and report
207 such amounts to the board so that they are received by said board no
208 later than the [last] fifth business day of the following month. On and
209 after July 1, 2001, all such amounts shall be transmitted via electronic
210 transfer of funds. Such amounts shall at all times be the property of the
211 system and while in the custody of such local treasurer or other person
212 such person is a fiduciary with respect to such amounts and shall
213 discharge his responsibilities solely for the benefit of the system. Said
214 board shall be entitled to receive from an employer interest at the rate
215 of nine per cent per year from the due date on all amounts deducted
216 by such employer and not received by said board [within one calendar
217 month of the due date for the receipt of such amounts] by the fifth
218 business day of the following month. Interest at the rate of nine per
219 cent per year shall be compounded annually on the interest assessed
220 from the date payment is received to the date the interest assessment is
221 paid. Such interest shall be treated as an amount earned by assets of
222 the system.

223 Sec. 6. Section 10-183ii of the general statutes is repealed and the
224 following is substituted in lieu thereof:

225 The Teachers' Retirement Board shall mail retirement benefit checks
226 [not later than three business days] on the next to last business day
227 prior to the date on which such checks are payable. Any member
228 whose retirement benefits become effective on or after January 1, 2001,
229 shall be required to have the monthly benefit payment electronically
230 transmitted to the financial entity of such member's choice. The board
231 shall transmit such benefit payment on the last business day of each
232 month."